



EXECUTIVE SUMMARY

Jari Kannisto

Eläkkeellesiirtymisiän mittaaminen

In the Finnish earnings-related pension scheme, the development of effective retirement has resembled a roller coaster. The insured have reacted in many different ways to the amendments made to the pension acts. The economic development in Finland has also affected effective retirement. The effective retirement age is an important issue in pension policy. But how should the effective retirement age be measured? This research is an attempt to answer this question.

The average figures, the mean value and the median traditionally used in measuring development are not particularly well suited for describing the average effective retirement age, because their values essentially depend on the size of the age groups born decades ago. In Finland, the age groups born after the Second World War are exceptionally large compared with other age groups. When following pension policy, on the other hand, it is important to measure the effects of the changes in the earnings-related pension scheme on effective retirement.

A parameter better suitable for measuring the effective retirement age than the mean value and the median is thus needed. The central objective of the pension reform that entered into effect in 2005, to postpone the effective retirement age by two to three years, is monitored by the expected effective retirement age (i.e. expectancy), which is calculated on the basis of the persons having retired on an earnings-related pension. Since it concerns a central indicator, it is necessary to clarify the content, reaction ability and principle of the indicator. There are many reasons for this. One important reason is that due to the comprehensive amendments to the pension legislation, which were implemented in connection with the 2005 pension reform, the present calculation method for the expectancy had to be changed.

This research analyses the characteristics of the expectancy both theoretically and on the basis of actual data. The characteristics of the indicator are also assessed by its sensitiveness. The principle of calculation is also compared with the corresponding indicators in Sweden and Norway. The same problems are related to measuring the age of leaving the labour force as to measuring the effective retirement age. This is why this report also includes a short review of the indicators describing the age of leaving the labour force.

The research shows that the expectancy works in accordance with the targets set for a good indicator, because it is independent of the age structure of the population. Furthermore, it responds correctly to the changes in the incidence of pensions and it is not affected by other factors. The small effect of mortality, as used in the calculation, is one of the central results. The report also compares the differences between Finland, Sweden and Norway in the figures and definitions describing effective retirement. After this, Nordic cooperation in this field and the present situation of this cooperation is described. In addition, the potential indicators describing effective retirement age are described. The final decision between them has not yet been made.

More information

Jari Kannisto, Finnish Centre for Pensions
E-mail: jari.kannisto@etk.fi
Telephone: +358 0 751 2232

Ordering of publications: aineistotilaukset@etk.fi

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Finnish Centre for Pensions
ELÄKETURVAKESKUS 

Finnish Centre for Pensions

FI-00065 ELÄKETURVAKESKUS, FINLAND
Tel. +358 10 7511
Fax +358 9 148 1172

Eläketurvakeskus

00065 ELÄKETURVAKESKUS
Puhelin 010 7511
Faksi (09) 148 1172

Pensionsskyddscentralen

00065 PENSIONSSKYDDSCENTRALEN
Tfn 010 7511
Fax (09) 148 1172

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